

FORM 1550 INSTRUCTIONS

Cigarette Tax Return

Every person who applies cigarette stamps must file a monthly cigarette tax return. The return is due on the 20th day of the month immediately following the tax period. On each form the amount column will require TOTAL CIGARETTES or TOTAL STAMPS. Please state amounts of individual cigarettes or stamps, NOT cartons or rolls.

If you're required to file a monthly report with Idaho to comply with the federal Prevent All Cigarette Trafficking (PACT) Act, the PACT Act report is due by the 10th day of the month. Instead of filing a PACT Act report on the 10th and your tax return on the 20th, you can meet both filing requirements by filing your tax return on the 10th. **However, you must include with your return either an addendum or internal report that lists the brand of cigarettes and smokeless tobacco you're selling.** If you're a delivery seller, please include the name, address, and phone number of your common carrier. You still have the option of paying any tax you owe on or before the 20th.

You must file the return even if you did not owe any tax for the period. You must sign your return to make it valid. Unsigned returns may result in penalty or interest, or both. Indicate your title, the date, and phone number of your business.

Verify your identification information on the form. Draw a line through any errors and write in the correct information. If you have made changes, mark the "Address change" box. Check the "Cancel permit" box if you want to cancel your Idaho cigarette tax permit.

IN-STATE STAMPERS - Complete all forms.

OUT-OF-STATE DISTRIBUTORS/STAMPERS - Complete Form CG 1550 (lines 6 thru 22). Also complete CG 1501-F, Part III; and CG 1503A and B.

MANUFACTURERS - Complete Form CG 1550 (lines 6 thru 22).

SCHEDULES - If you need schedules, you can print copies from our Web site at tax.idaho.gov (click on "Forms," then select "Cigarette tax"), or call us at 334-7660 in the Boise area or (800) 972-7660 toll free.

FORM CG 1550 CIGARETTE TAX RETURN

PART I - CIGARETTE INVENTORY RECONCILIATION (REPORT ALL FIGURES IN NUMBER OF CIGARETTES).

Line 1. Beginning inventory of Unstamped Cigarettes - This should be the ending inventory from the prior tax month.

Line 2. Purchases - Complete Form CG 1501-A through CG 1501-E. Summarize all purchases on CG 1501-F, Part II, line 7.

Line 3. Add lines 1 and 2.

Line 4. Ending inventory of Unstamped Cigarettes - Take a physical count of your unstamped cigarettes at the close of business on the last working day of the tax period. Enter the number of unstamped cigarettes on hand.

Line 5. Subtract line 4 from line 3. Enter the remainder here.

Line 6. MANUFACTURERS AND OUT-OF-STATE DISTRIBUTORS/STAMPERS begin here. (In-State Stampers do not use this line.)

Manufacturers - Report cigarettes distributed in Idaho on which you owe tax per Idaho Code, Section 63-2501, Rule 35.01.10.011.

Out-of-State Distributors/Stampers - Report total cigarettes shipped into Idaho.

Line 7. Out-of-State Sales - Complete Form CG 1502 and enter the total from line 21 of the last page here.

Line 8. Tax exempt sales to Indians and Military - Complete Form CG 1503-A and enter the amount from line 21 of the last page.

Line 9. Tax exempt sales to other wholesalers - Complete Form CG 1503-B and enter the amount from line 21 of the last page.

Line 10. List any other distribution of unstamped cigarettes. (You must attach an explanation and supporting documentation if you claim an amount on this line.)

Line 11. Total Exempt Sales - Add lines 7,8,9 and 10.

Line 12. Total Cigarettes Subject to Idaho Tax - Subtract line 11 from line 5 or line 6, whichever applies.

PART II, FORM CG 1550 - TAX COMPUTATION. As a stamper, you are responsible for placing stamps on all taxable cigarettes. You are also responsible for ensuring that stamps are not placed on nontaxable cigarettes.

Line 13. Total cigarettes stamped. Complete Part III of Form CG 1550, page 2, line 10.

For any stamped cigarettes reported on line 13 from nonparticipating manufacturers, complete the additional Form CG 1501-NP.

Line 14. Tax due. Multiply line 13 by .0285.

Line 15. You are allowed a discount for affixing the stamps. Multiply the amount on line 14 by applicable rate shown below. Enter the result on line 15.

Use a discount rate of:

.033 if the period is July 1, 2005, or after

.0261 if the period is July 1, 2003, through June 30, 2005

Line 16. If you returned unsold stamped cigarettes to the manufacturer, or require a credit for stamps applied to cigarettes that can no longer be sold or returned to the manufacturer, enter the total dollar amount resulting from the calculation below:

If the tax period is July 1, 2005, or after, multiply the number of stamped cigarettes by **.0276** (.0285 X 96.70% = .0276).

If the tax period is June 30, 2005, or before, multiply the number of stamped cigarettes by **.0278** (.0285 X 97.39% = .0278).

This represents the value of the stamps less the discount you received for affixing the stamps. You must attach documentation. Include the returned goods receipt and bill of lading or Form CG 403 with your return. Form CG 403 must have prior approval from the Idaho State Tax Commission.

FORM 1550 INSTRUCTIONS -- Continued

Line 17. Net Tax Due/[Refund]. Subtract lines 15 and 16 from line 14. If the amount reflects a refund, put the figure in [brackets].

Line 18. Show adjustments from previous periods. Attach the letter you received which advised you of this adjustment. If the amount results in a credit, put it in [brackets].

If you paid tax on cigarette products sold on or after January 1, 2000, and later found the accounts to be worthless and actually charged-off for income tax purposes, use line 18 to apply the bad debt credit to this return or, if no tax is due, to be refunded. Enter the bad debt credit amount in brackets. If you are repaying all or part of a previously taken bad debt credit, enter it as a positive figure on line 18. In either case, **you must attach a letter of explanation.**

Line 19. Total Tax Due/[Refund] - Line 17 plus or minus line 18.

Line 20. Penalty - Late returns are subject to penalty. No penalty is due if no tax is due. Penalty is 5% of the tax due for each late month or portion of a month. The maximum penalty is 25% and the minimum penalty amount is \$10.

Interest. Interest accrues on late payments from the due date until paid.

Rates are as follows:

1/1/2011 - 12/31/2011, 4% per year
1/1/2010 - 12/31/2010, 5% per year
1/1/2009 - 12/31/2009, 5% per year
1/1/2008 - 12/31/2008, 7% per year

Line 21a. Total Due - Add lines 19 and 20. ATTACH PAYMENT FOR AMOUNT DUE.

Line 21b. Total Refund - If there is a refund on line 19 of \$200 or more, a check will be mailed to you. If the refund is under \$200, you'll receive a notice telling you to apply the refund to future filings.

Page 2, PART III - IDAHO UNAFFIXED STAMP RECONCILIATION (Record all figures in NUMBER of STAMPS, not number of rolls.) Report stamps for packs of 20 in column A, or packs of 25 in column B.

Line 1. Beginning Inventory of Unaffixed Stamps - Enter the amount reported as the ending inventory from the prior tax return.

Line 2. Fuson and Water Decals Received - Complete Form CG 1550, Part V, "Idaho Stamps Received." Bring the amounts on line 7 forward to this line in the appropriate columns.

Line 3. Total Unaffixed Stamps This Tax Period - Add lines 1 and 2.

Line 4. Ending Inventory of Unaffixed Stamps - Count of unused Idaho stamps at the close of business on the last working day of each month. If you have ordered stamps near the end of the month, check the "Date Issued" on the Stamp Invoice, Form 1552. If the stamps were shipped at the end of the tax month, but were not in your inventory on the last working day of the month, include them in the amount entered on line 4.

Line 5. Stamps Destroyed or Returned - You must attach Form CG 403, Request for Stamp Destruction, to Form CG 1550. Form CG 403 must have prior approval from the Tax Commission. Report unsold stamps claimed on Form CG 403. For stamped cigarettes returned to the manufacturer, or that can no longer be sold, see Part II, line 16 instructions.

Line 6. Total Deductions - Add lines 4 and 5 in each column.

Line 7. Total Stamps Applied This Tax Period - Subtract line 6 from line 3.

Line 9. Convert to Total Cigarettes - Multiply line 7 by line 8.

Line 10. Total Cigarettes Stamped - Add column A and column B of line 9. Enter the sum here. Carry this amount forward to Part II, page 1, Form CG 1550, line 13.

PART IV - IDAHO STAMPED CIGARETTE RECONCILIATION

Line 1. Beginning Inventory of Stamped Cigarettes. Carry forward the physical count of stamped cigarettes held in inventory from the close of business on the last day of the previous tax period.

Line 2. If you have stamped cigarettes previously sold and then returned to you, and the cigarettes are still saleable, list those counts here.

Line 3. Total Cigarettes Stamped This Tax Period. This number must equal line 10 in Part III, page 2.

Line 4. Total Stamped Cigarettes Distributed This Tax Period. Enter the actual number of stamped cigarettes sold during this tax period.

Line 5. Ending Inventory of Stamped Cigarettes. Take a physical count of your stamped cigarettes held in inventory at the close of business on the last working day of the tax period. Enter the number of stamped cigarettes on hand.

PART V - IDAHO STAMPS RECEIVED

Enter the stamps you received this month using the Cigarette Stamp Invoice, Form CG 1552 returned to you by the Tax Commission.

For each invoice, list:

- The "Date Issued" as indicated on the Cigarette Stamp Invoice, Form CG 1552. This date will identify the tax period in which you must account for the stamps. Example: If the "Date Issued" is 4/30, report this stamp invoice on your April Cigarette Tax Return.
- Stamp invoice number.
- QUANTITY of FUSON and WATER DECALS: Part II of the invoice refers to the number of Fuson or Water Decal stamps issued. Enter these amounts on lines 1-6 and total on line 7.

Carry the totals to line 2 in Part III, Form 1550.

FORM 1550 INSTRUCTIONS -- Continued

FORM CG 1501-A, CG 1501-B, CG 1501-C, CG 1501-D, CG 1501-E - UNSTAMPED CIGARETTE PURCHASES

Enter in the appropriate columns, the purchases made during the month from each of five major vendors. If you have more than 80 invoices from any vendor, carry the total for that vendor forward to a new page of the form. Use the extra copies provided. DO NOT CHANGE THE NAMES OR PERMIT NUMBERS OF THE VENDORS ON THE PREPRINTED FORMS.

For each invoice, show:

- The invoice date - month/day/year
- The vendor's invoice number. (Do not use your PO Number or Check Number.)
- The total number of CIGARETTES purchased on the invoice.

FORM CG 1501-F

PART I - UNSTAMPED CIGARETTE PURCHASES FROM OTHER VENDORS. See specific instructions on the form CG 1501-F.

PART II - SUMMARY OF CIGARETTE PURCHASES. See specific instructions on the form CG 1501-F.

PART III - OTHER STATES STAMP RECONCILIATION

If you are a multistate stamper, complete this part. If you do not stamp for other states, leave this part blank.

Stamps applied for states other than Idaho:

- Identify the state.
- Complete lines 1 through 12 of the reconciliation.
- Use additional forms when necessary.

FORM CG 1501-NP

Complete Form CG 1501-NP if you stamp any cigarettes from nonparticipating manufacturers of the Tobacco Master Settlement Agreement.

FORM CG 1502 - OUT-OF-STATE CIGARETTE SALES

List your sales to customers located outside of Idaho. If you have more sales than can be entered on one page, or sell to more than three other states, use a second page of this form.

For each state:

- At the top of the columns, put the names of the states to which you shipped cigarettes.

For each invoice, list:

- Your invoice date.
- Your invoice number.
- The customer's name.
- The city to which the cigarettes were delivered.
- Under the appropriate "State" column, list the number of cigarettes sold on that invoice.

Total each state's activity on line 20. If you must use a second page of Form CG 1502, carry the totals forward. (Use the blank forms provided.) Insert the grand total of all out-of-state sales on line 21 of the last page and carry this amount to Form CG 1550, line 7.

PREPARE A PHOTOCOPY OF THIS FORM FOR EACH STATE YOU HAVE LISTED. ENCLOSE THE PHOTOCOPIES WHEN SUBMITTING YOUR RETURN, but do not staple these copies to your return.

FORM CG 1503-A and B - TAX EXEMPT CIGARETTE SALES

List all sales to exempt customers on this form. Use Form 1503-B for sales to other wholesalers. Use Form 1503-A for sales to the military and sales to Indians on an Indian Reservation.

For each invoice, list:

- Your invoice date.
- Your invoice number.
- The customer's name.
- The city to which you delivered the cigarettes.
CAUTION: It is illegal to allow customers, other than licensed cigarette wholesalers, to transport cigarettes purchased from you which do not have Idaho stamps affixed.
- Enter the number of cigarettes sold on the invoice in the appropriate column.

For Form CG 1503-B only. If you were provided with an identifying Permit Number for this wholesaler, insert that number. Otherwise leave the "Permit Number" column blank.

Total these sales. If you have more invoices than space available, carry the totals forward to the next page. (Use the blank forms provided.) On the last page, carry the total to Form CG 1550 lines 8 or 9.

To amend a cigarette return. Use this same form and check the "AMENDED RETURN" box when amending a cigarette return. If you did not keep a copy of the original return, contact the Tax Commission for one. Amended returns must show figures as they **should** have been entered on the original return. Do not enter the net change.

Use the same instructions for filing either an original or amended return.

Taxes to be paid by electronic funds transfer. All taxes due to the State of Idaho must be paid by electronic funds transfer whenever the amount due is \$100,000 or greater. You must file your written tax return on or before the due date indicating payment by Electronic Funds Transfer.

If you are not required to pay by electronic funds transfer, the total payment for tax due must accompany your return. Make your check or money order payable to the State Tax Commission. Do not staple your check to your return or send a check stub.

Payment by credit/debit card and e-check. You can use a credit/debit card or e-check to make payments under \$100,000 to the state of Idaho. You can pay through our website at **tax.idaho.gov**. We accept American Express, Discover, MasterCard, and Visa for credit card payments. A convenience fee is added to all credit/debit card and e-check payments (effective January 1, 2009).

Mail return to: Idaho State Tax Commission, PO Box 76, Boise, Idaho 83707-0076